

## STATEMENT OF PURPOSE

### RS19151

This bill relates to income taxes. It changes the way the tax is reported and paid by non-residents earning Idaho taxable income from "pass-through entities." The bill has four sections that provide:

1. A new section with definitions of "pass-through entity" and "owner" of such an entity. A pass through-entity includes: a partnership, a limited liability company taxed as a partnership, an S Corporation, or a trust or estate.
2. Amendments to section 63-3022L, Idaho Code, to eliminate the liability of pass-through entities for tax not paid by owners but to require backup withholding if the owner does not elect to have tax paid on the entity return.
3. A section to provide the authority for the backup withholding program.
4. An effective date of January 1, 2011.

### FISCAL NOTE

No fiscal effect in FY2011; additional \$500,000 to the General Fund in FY2012.

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